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# Prospects for Stability in the Dominican Republic

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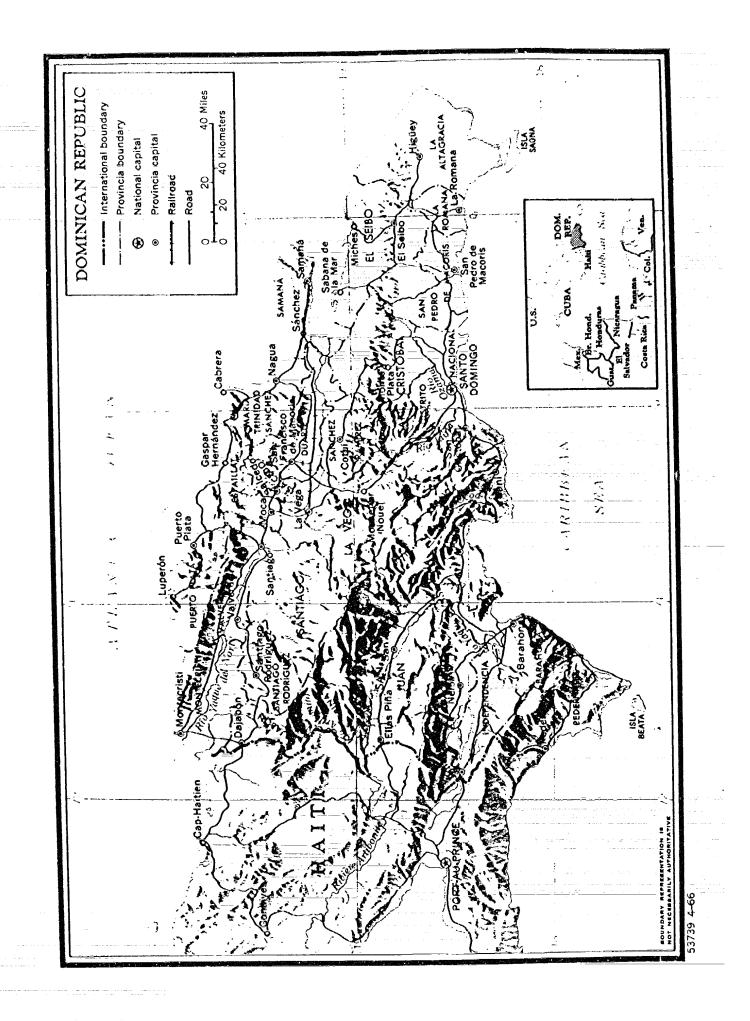




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# PROSPECTS FOR STABILITY IN THE DOMINICAN REPUBLIC

# THE PROBLEM To estimate the situation in the Dominican Republic and the prospects for stability during the next year or two. CONCLUSIONS A. Prospects in the Dominican Republic are discouraging. Longstanding social, economic and political problems have been exacerbated by the events of 1965, and no easy solutions or sure roads to progress are in sight. B. Even so, conditions have stabilized enough so that chances of holding the scheduled elections on 1 June 1966 are good. If Bosch and Balaguer remain in the race to the end, as now seems likely, the voters will have a representative choice. The contest between the two men appears close at present, and we cannot predict the outcome with any confidence. C. The winner will probably face major elements on the other side who remain unreconciled to the outcome even if the elections are relatively fair and free. in either case, we believe the political prospects are for further tension, instability and disorder. D. The continued presence of the Inter-American Peace Force (IAPF) would serve to stabilize the situation; on the other hand it would tend to promote exaggerated nationalism and anti-US feeling, and over time might become a factor for instability. After the elec-



tions and inauguration of the new president, we believe that pressures for removal of the IAPF will increase on the part of elements within the D.R., the Latin American governments whose troops are involved, and public opinion in the hemisphere.

ernment comes to power will be faced with social, political, and economic problems so intractable that any significant progress over the next year or two will be extremely difficult—and without foreign aid, impossible. Even with continuing infusions of US aid and other external credit assistance, the Dominican economy in 1966 and 1967 is unlikely to do much more than regain pre-1965 levels. The government will almost certainly take some tentative steps toward agricultural development, improved education, and more efficient operations in the large state-owned sector of the economy; however, reform measures of the type required for sustained economic growth can hardly be implemented without a prolonged period of political stability.

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#### **DISCUSSION**

#### I. BACKGROUND

2. Since the end of Spanish colonial rule in 1821, the Dominican people have passed nearly a quarter of their history under occupations by foreign military forces (Haitian, Spanish, US). When the country has been independent, it has known only turmoil and civil war or military dictatorship. Repressive and brutal rule have been the norm, and life has been held cheap.

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- 3. The last dictatorial rule—the 30 years of Trujillo which ended only with his assassination in 1961—left a particularly deep imprint. The Trujillo reign not only prevented the development of political leaders and normal political life; it bred fresh hatreds and held back progress in nearly every sphere, except the economic, where there was modest growth. Much of the economic progress was designed for show, however, or was for the benefit of the Trujillo family or close associates, and did little to improve the welfare of the average Dominican. Partly as a result of the Trujillo era, the political fabric is permeated with mutual distrust, and there is a wide gulf between the small upper-class minority and the great bulk of the population, which is ignorant and poverty-stricken. Dissatisfaction has increased as the Dominican peasants and workers have become more aware of their underprivileged condition.
- 4. Some two-thirds of the people live in the countryside, most of them scraping a mere subsistence from small plots of land. Less than half the Dominicans are literate, only about 10 percent have managed to complete elementary school, few have acquired any technical training, and there is a marked shortage of skilled warkmen. Moreover, there is an acute shortage of managerial and executive talent,

Dominicans have some mixture of Negro and Spanish blood, there is nevertheless a strong tendency for those of lighter skin to look down on the darker ones. The poor of the city streets are often called negritos, and political movements seeking mass appeal sometimes refer to upper-class political groups as "the whites"

5. The Dominicans have had one of the highest sustained rates of population growth in the world.<sup>2</sup> This, of course, greatly complicates any efforts to pro-

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<sup>\*</sup>Their reproductive rates have been close to the limits of human fertility. The 1060 census recorded a total population of 3,013,525, an increase of 42 percent over 1950. The current population is estimated at 3.7 million. The growth rate is 3.5 percent a year; given some improvement in present low standards of health and sanitation, this may go still higher.



mote economic or educational progress. It also may have political effects, especially over the longer term. More than half the population is now less than 18 years old; the young people, many of them not reconciled like their parents to docile acceptance of minimal living standards, are likely to be a major force for political change.

6. The Dominican military establishment, though it has recently been undergoing change, is still essentially a conservative force, which in the post-Trujillo period has tended to align itself with elements of the civilian elite. Under Trujillo the armed forces had become a praetorian guard ensuring the dictator's absolute control over almost every aspect of life. In return they received certain perquisites, including a share in Trujillo's institutionalized system of graft. Over the past several years a number of the most reactionary and corrupt senior officers have been displaced, and some of the your or, US trained officers seem to be developing a sense of professionalism and responsibility. Even so, the military—or major groups within it—will probably continue to regard themselves as the arbiters of Dominican politics and remain ready to intervene if they think the occasion requires it.

#### II. THE ECONOMIC PREDICAMENT

- 7. The Dominican Republic is one of the poorest countries in Latin America, depending chiefly on agriculture, which accounts for 40 percent of GNP and employs two-thirds of the labor force. Its assets include some of the most fertile land in the Caribbean, a climate suitable to the cultivation of a wide range of crops, a primary road system linking all major agricultural regions, and an extensive, though poorly maintained, irrigation system in the arid western part of the country. Bauxite deposits are being mined, and there are small deposits of iron ore and nickel. The stock of other physical resources, however, is small. There are no exploitable deposits of petroleum or coal, and the hydroelectric power potential is limited. Moreover, arable land is limited in extent, and the ratio of population to arable land is one of the highest in the hemisphere. Output of the economy has been kept low by a small stock of capital (including a general lack of transportation facilities in rural areas, a lack of storage facilities at market centers, and little manufacturing capacity), by the application of only rudimentary forms of technology throughout much of industry and most of agriculture, and by a general lack of technical and managerial skills.
- 8. Dominican foreign exchange earnings and general economic activity are heavily dependent on agricultural exports, principally sugar. About two-thirds of the sugar industry is government-owned. Production costs in these state-owned sugar enterprises are so high that exports would be prefitable for them only when world prices are extraordinarily high. Prices have been low since the end of 1964 and seem likely to remain so. The country's vulnerability to fluctuations in export prices is increased by its heavy dependence on imports,

Personnel strength of the Dominican military is approximately as follows: army 11,600, navy 3,750, air force 3,750. The national police have about 7,830 men.





including many important staple foods such as rice and beans, and almost all capital goods, fuels, industrial raw materials, and consumer durables.

9. In terms of standard of living, the Dominicans are better off than the Haitians. With that exception they rank with the poorest among the inadequately fed, housed, doctored, and educated Latin American populations. There has been a modest improvement in consumption standards over the past several years, but the D.R. has been plagued by a consistently high level of unemployment and underemployment.

10. The Dominican economy, which had shown generally rapid growth in the period after World War II, has done badly since 1958. Initially, this was caused by Trujillo's use of an austerity program to gain foreign exchange to build up the Trujillo family fortune outside the country. The policy actions of post-Trujillo governments, which included governmental efforts to reduce unemployment by means of increased budgetary expenditures and hiring by state-owned enterprises and which permitted a rapid rise in real wages, generated demand for goods far beyond the economy's capacity to produce or buy abroad. Political instability caused private investors to be reluctant to increase capacity in response to this demand. Moreover, the use of state enterprises as a "national patrimony" to provide increased employment led to sharp reductions in public sector savings and investment. A sustained period of rapid price rises and increasingly severe balance of payments difficulties ensued.

11. The rebellion in April 1965 made these problems more acute at the same time that it lessened the ability of the government to deal with them. The GNP dipped some 15 percent in 1965; the drop in per capita GNP was 18 percent, though the decline in individual welfare was not that severe. This was partly because of the US emergency feeding program which for several months reached 18 percent of the Dominicans. Even so, unemployment increased from perhaps 20 percent of the labor force to about 30 percent. The deficit in the government's budget rose somewhat over its level in 1963 or 1964.

12. A particular difficulty in 1965 which augurs ill for the future was a sharp decrease in earnings from Dominican exports—down \$58 million from the \$180 million total of 1964. About half the drop was caused by a decline in sugar production as a result both of the rebellion and of the low world market price. Sugar output fell from 910,000 short tons of raw sugar in 1964 to only 620,000

<sup>\*</sup>State enterprises in the D.R.—most of them former holdings of the Trujillo family—account for about half the country's industrial capital and perhaps a fourth of the most productive agricultural land. Cuba is the only country in the hemisphere which has a higher concentration of means of production in the hands of the state. In the D.R. this has meant that government policy is the decisive factor in most economic matters and that politics and economics are more thoroughly intertwined than generally is the case.



In 1964 per capita gross national product (GNP) in the Dominican Republic was some \$245 or about \$100 below the average for Latin American countries. While a considerable number of Dominicans are well-off as compared with this low standard, there are no longer many families who are very rich.



in 1965. However, the combination of US aid 6 and a reduction in the level of Dominican imports prevented further deterioration in the balance of payments.

#### III. THE POLITICAL ARENA

13. The D.R. has had no experience in achieving political compromise through representative institutions. Its political attitudes and organizations have not progressed far; the parties are generally young and highly personalistic. A large proportion of the people, especially of the rural peasantry, is not politically conscious. In the D.R.'s first free elections in December 1962, Juan Bosch polled some 58 percent of the vote; yet when the Dominican military leaders ousted Bosch in September 1963, there were no significant public demonstrations of protest.

14. The rebellion accelerated the process of political awakening in the D.R. and widened the gulf between the various conservative groupings on the one hand and the various parties of the left on the other.—The senior military leaders did not oppose the overthrow of the Reid Cabral government at the outset of the revolt on 24-25 April. But when they realized that the coup was leading toward a restoration of President Bosch and the constitution of 1963, their reaction swiftly transformed the situation into a civil war, pitting the most militant elements of the left and right against each other. There is no doubt that the extreme leftists played a key role on the side of the "constitutionalists" when the fighting was at its height and that subsequently they have engaged in terrorist activities. Nor is there any doubt that elements of the extreme right have conducted terrorist operations in recent months, which have been particularly directed against members of Bosch's Dominican Revolutionary Party (PRD) and against former "constitutionalist" military figures.

15. Garcia Godoy, President of the Provisional Covernment which came to power in September 1965, has given top priority to efforts to reconcile the adversaries of the conflict. An experienced diplomat and a man of decent, liberal instincts, though not particularly forceful, Garcia Godoy quickly came under fire from political conservatives and military chiefs for his responsiveness to the demands of the "constitutionalists" and his appointment of a number of men of various leftist hues to important government posts. Indeed the strong support of OAS officials and of the Inter-American Peace Force we required to prevent a military coup against the provisional president within his arst two months of office. The IAPF likewise played a key role in opening up the zone of the city previously controlled by "constitutionalist" forces and in supporting other measures aimed at restoring order.

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<sup>\*</sup>About \$96 million in US aid to the D.R. was disbursed in 1965. This was slightly more than twice the level of 1964. Small amounts of assistance from other sources brought the total for the D.R. in 1965 to \$105 million.

<sup>&</sup>lt;sup>7</sup>IAPF troop strength at its peak was about 23,000. It is now about 7,500 of whom 5,750 are US personnel and most of the remainder Brazilian. The Force commander is Brazilian General Alvaro Alves da Silva Braga.



16. In a sense, the primary contribution of the provisional government has been to provide a "cooling-off" period. That it could undertake few policy initiatives and that it could not manage a complete restoration of civil order was of less immedate importance than its ability simply to survive one crisis after another. Even to send a number of "constitutionalist" military leaders and some top-ranking officers of the regular military establishment to assignments outside the country involved a protracted struggle. Garcia Godoy was unable to work this out according to his original plan. He did, however, succeed in sending abroad the key "constitutionalist" officers and in making enough change in the command of the regular military to permit the installation of a new Minister of Defense, General Perez y Perez, in whom he has some confidence, and new chiefs of the army, the air force, and the police.

17. By no means all the improvement in the situation has been attributable to the provisional government. Certain of the military have shown an increasingly responsible attitude. Both Balaguer and Bosch have on occasion provided needed endorsement for Garcia Godoy or at least have refused to participate in irresponsible or destructive acts of opposition. Perhaps as important as anything else has been the breaking apart of the "unity of the left" which had been responsible for much of the strength of the "constitutionalists" in the wake of the rebellion. Not only did the PRD and the parties of the extreme left pull away from each other, but the latter resumed quarreling among themselves about whether to use political tactics or terror and violence. The net effect of all these things has been to permit restoration of a fragile equilibrium.

### IV. THE JUNE ELECTIONS

18. The provisional government has made good progress in setting up the machinery for the 1 June elections, in which the voters are to choose a new four-year administration. Specialists from the Organization of American States have been serving as advisors to the Dominican Central Elections Board since early January, and there are plans to bring in some additional OAS technicians and observers for election day. The electoral law specifies that except as directed by the Elections Board the security forces will remain in their barracks. Thus the framework will be in place for relatively free and fair elections, if the political climate does not seriously worsen.

19. Such a change of climate could come about in any of a number of ways. Because of the depth of political animosities, small incidents involving the security forces and students or workers could turn into major confrontations. The return to the D.R. of such controversial figures as Francisco Caamano or

<sup>•</sup> The president and vice presidential candidates of each party run on the same ticket for a four-year term. Election of the president, vice president and of senators is by simple plurality. Twenty-seven senators and 74 members of the Chamber of Deputies are to be elected for four-year terms; 77 mayors and 417 municipal councilmen, for two-year terms. No member of the provisional government can be a candidate for any of the elective offices. Members of the armed forces and police are forbidden to vote; other citizens (Dominicans over 18 years old or of any age if they are or have been married) are required to vote and may be fined if they do not.





Wessin y Wessin could provoke new trouble. Assassination of one of the leading political figures on either side is a continuing possibility

There has, however, been a marked decrease in the number and seriousness of violent incidents since early this year.

20. Elements of both extremes find the two major candidates, Joaquin Balaguer and Juan Bosch, unacceptable alternatives. As elections approach, extremists of the right or left may attempt to disrupt them by undertaking terrorist acts or, in the case of the far left, trying to provoke incidents involving the police, military or IAPF. In recent weeks the pro-Castro 14th of June Revolutionary Movement (MR-1J4) and the orthodox Dominican Communist Party (PCD) have indicated that they accept elections as one possible solution to the present crisis, and they are likely to devote their energies to seeking support for Juan Bosch. However, the militant Dominican Popular Movement (MPD) has expressed opposition to the elections. It may try to stir up trouble in Santo Domingo, but its limited capacity for independent action will be countered by improved police and military capabilities and the presence of the IAPF. Although we anticipate some increase in trouble and violence, we think the situation will probably remain orderly enough so that elections can take place as scheduled.

21. Balaguer served Trujillo for years and was president when the dictator was assassinated in 1961. He retained this position for about eight months, undertaking a number of measures designed to appeal to the lower income groups. Today he heads the large and personalistic Reformist Party (PR), composed of moderates, conservatives, and some Trujillista elements. His program is populistic, reformist and designed to appeal to the peasantry and other low income groups. Francisco Augusto Lora, the PR vice presidential nominee, is a leading PR organization man but has little popular support.

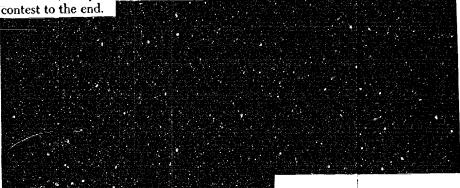
22. Juan Bosch, who for years was a leader of the anti-Trujillo exiles, was elected President in 1962 by an overwhelming majority, but he was then running against a much weaker opponent than Balaguer. Barely seven months after taking office, he was swept from power by a military coup. Bosch is the undisputed leader of the well organized Dominican Revolutionary Party (PRD) which is united behind his candidacy. He is clearly the candidate of the "constitutionalists." He is supported by the radical Revolutionary Social Christians (PRSC), by the pro-Castro MR-1J4, and by the Moscow-oriented Communists (PCD). However, Bosch has sought to disassociate himself from the Communist parties, and has publicly rejected the support of the MR-1J4. The PRSC and the parties of the extreme left command few votes in comparison with the PR and PRD but still might make up the margin of difference in a close election. The PRD ticket has some added strength from the vice presidential candidacy of Antonio Guzman, who for a time was considered as a possibility for provisional president. Guzman brings no large personal following, but he will supply a certain aura of respectability.

23. A third presidential candidate, who appeals mainly to Dominican conservatives and rightists is Rafael Bonnelly, President of the Council of State



that ruled the country in 1962, after Balaguer's ouster. He is seeking to coordinate several right-of-center parties into a coalition called the National Integration Movement (MIN). In a contest between Balaguer and Bosch, Bonnelly can be expected to pull votes away from Balaguer. If Bosch appears to be in the lead, pressures will grow on the part of MIN and PR supporters to unify against him. However, the ambitions of individuals in both groups, as well as the longstanding animosities between elements of the two parties make such an alliance difficult. Some MIN sponsors probably hope to use the organization as a political front behind which the military could exercise power in the event of a successful coup.

24. It is likely that the candidates of the two major parties will stay in the



25. Bosch and Balaguer will be making their appeal to the same sector of the populace—the urban and rural poor. Running on reformist platforms, each has his strong points. Balaguer is identified with the peace and order of the Trujillo period, at a time when many Domin was long for an end to upheaval and anarchy. He is probably remembered favorably among the urban lower classes for his largesse during 1961. Many Dominicans are anxious, above all, to avoid a return to the violence and chaos of the 1965 rebellion; Balaguer appeals to them with his pledges of conciliation and unity of action. His PR lieutenants

However the PR campaign so far has not matched the vigor of the campaign of the PRD.

26. Bosch's major advantage is his ability to appeal to the Dominican masses in terms they find understandable and attractive. As a campaigner he has unusual abilities. His general reputation for opposing the unpopular Dominican military establishment will also attract voters. The PRD has a powerful voice in the ministries and agencies of the Provisional Government and this influence will probably give the party considerable leverage at the polls. Should the impression that Bosch is going to win continue to grow, he would also profit from a tendency to get on the bandwagon.

have done some organizational work, and he himself has made a series of trips into the countryside to rally the voting groups likely to give him greatest backing.

27. Both candidates have recognizable weaknesses. A Bonnelly candidacy will undoubtedly eat into Balaguer's vote. On the other hand, if Balaguer



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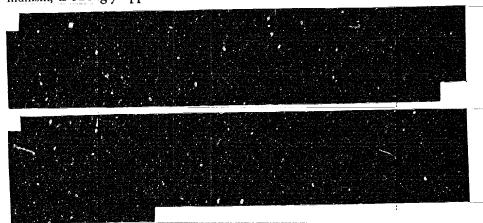
and Bonnelly were able to come to some sort of agreement, Bosch would probably respond by trying to paint Balaguer as a candidate of the Dominican elite. Bosch's identification with the violence of the recent past, and his failure in 1963 to fulfill his campaign promises, have undoubtedly disillusioned some of his potential supporters.

Another major vulnerability

will probably be the susceptibility of the rural peasantry to charges that Bosch is a Communist or Communist supporter. These charges will probably be a major weapon of the Balaguer camp, and Bosch is clearly worried that they will have an effect on the electorate, which though it understands little of communism, is strongly opposed to it.

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30. All things considered, we believe the election will be close. Balaguer got off to an earlier start; Bosch now seems to be gaining momentum. We cannot predict the outcome with any confidence.

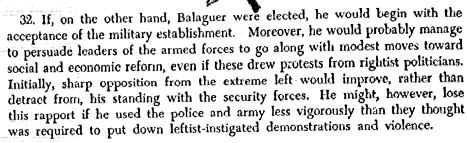
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## V. THE ROLE OF THE MILITARY

31. The new Minister of Defense Perez y Perez has stated that the Dominican military establishment will abide by the election results, whatever they are. This implies more of a change in military attitudes than we think has yet taken place. If Bosch were elected, some key figures in the military would want to prevent him from taking or holding office. The continuing presence of the IAPF would probably inhibit them from acting quickly; indeed their expectation as to when the IAPF might withdraw would probably be a factor in determining their timing. The dissatisfied military officers might also wish to delay action for some time so as to take advantage of some specific action of the new government which might render it unpopular or otherwise vulnerable.

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33. One of the most arduous tasks facing any new government is to continue the gradual and delicate process of reshaping the military so that eventually it will become the servant of the government. If the president moves clumsily in this, he may provoke the very military intervention he is trying to rule out. If he acts to reduce the strength of the armed forces rapidly, he may risk loss of capability to cope with civil disorder, terrorism, or insurgency.

34. Whatever the nature of government action, there are likely to be growing differences of attitude and political opinion within the military, and particularly within the army. Increasing numbers of younger army officers, NCOs, and enlisted men will probably become antagonistic toward the country's elite groups. The PRD has been making efforts to build influence within the military; the more extreme parties are likely to try too. Although this will tend to decrease the danger of intervention by the military establishment as a whole, it will add to the danger of a new split within the military and the alignment of military units with opposing political factions.

## VI. POST ELECTION POLITICAL PROSPECTS

35. Given this uncertain allegiance of the Dominican military, the IAPF will continue, for a while at least, to be the primary stabilizing factor in the D.R. Its presence reduces the chances of a coup from the right and of insurgency from the left. Thus the chances of any Dominican government for survival will be substantially greater as long as the IAPF stays on. Its continued presence would, however, tend to promote exaggerated nationalism and anti-US feeling, and over time might become a factor for instability. After the elections and the inauguration of the president on 1 July pressures for removal of the Force will probably increase, on the part of elements within the D.R., the Latin American governments whose troops are involved, and public opinion in the hemisphere.



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39. The revolution and its aftermath have produced sharp new animosities, difficult if not impossible to overcome. We think the broad tendency within the D.R. will be toward continuing growth of the political left. How much of this will benefit the parties of the extreme eft and how much the moderate left will, of course, depend on the performance of the new government as well as on the leadership and competitive skill of the parties involved.

40. All three parties of the extreme left—the militant MPD (pro-Peking), the orthodox PCD (pro-Moscow), and the 14th of June Revolutionary Movement (pro-Castro)—have gained some ground during the past year. Their members have taken the leading role at the university, and obtained a number of positions in the government bureaucracy; they continue to have influence, although they are by no means the strongest force, in the labor union movement. They have, moreover, substantially increased their capability, in terms of weapons, training, experience, and cadres, to carry out urban terrorism or guerrilla warfare in parts of the countryside—although in general the rural population remains unsympathetic.

41. There is a danger that if the moderate left is politically frustrated, some elements may make common cause with the extreme left. In the event that Bosch were elected and later displaced by the military, this combination on the left would become almost a certainty. In combination, the various leftist parties could bring heavy pressure on any government by means of political strikes, student agitation, and general violence. This might in turn provoke strongly repressive action by the military and finally lead to a new outbreak of civil war, with possible divisions among the military.

42. In any case, the government which comes to power on 1 July will probably have nearly as much opposition as backing. It will be confronted with social, economic and political problems so intractable that any significant





accomplishment over the next year or two will be extremely difficult. If it fails to move forward at all in these fields, the support it begins with will shrink away and its vulnerability will increase. Thus the outlook for political stability is discouraging.

#### VII. POST ELECTION ECONOMIC PROSPECTS

- 43. During the remainder of this year the Dominican economy will probably continue to recover from the low point reached in 1965. This recovery is unlikely, however, to bring GNP back as far as the 1964 level. Spending for consumption will almost certainly dominate, and no large-scale private investment from either domestic or foreign sources is likely, pending a viable political solution.
- 44. The new government's economic focus in 1966 and 1967 will be largely limited to short-run measures to provide immediate benefits to the populace. There will be strong pressure to cut down unemployment and central government spending can be expected to increase considerably. The budget deficit in 1966 is likely to run about \$50 million. Increased demand for goods will probably lead to appreciable price rises. If for political reasons the government should undertake greater expansionist spending policies, price increases would be sharper and pressures on the country's balance-of-payments stronger. There probably will be significant deterioration in the Dominican balance of payments position in 1966 and without improved production and prices for sugar the outlook for 1967 remains dim. A rise in imports and the probable stagnation of exports could cause a 1966 deficit for goods and services in the range of \$75 to \$100 million.
- 45. US program loans and food supplies, combined with loans from the Inter-American Development Bank and other developmental credit assistance, can meet much of the expected shortfall in Dominican finances and materially help with pressing supply problems. The Dominican government may, nevertheless, have to give serious consideration to devaluation as a means of restoring the balance in international payments. But unless this were done as a part of a carefully worked out stabilization program, there is a good chance that a round of price and wage increases would soon vitiate its benefits.
- 46. In short, Dominican economic policies in-1966 and 1967 will be almost entirely aimed at achieving short-term and largely political results. The government will almost certainly take some tentative steps toward agricultural development, improved education, and more efficient operations of the large state-owned sector of the economy. US and other lending agencies are already supporting projects in these lines. Nevertheless, the economy will remain vulnerable to export price fluctuations and it will face for a long time such problems as an inadequate marketing system, a shortage of capital, backward technology in agriculture, a general lack of technical and managerial skills and a grave problem of government management and resource allocation. Reform measures of

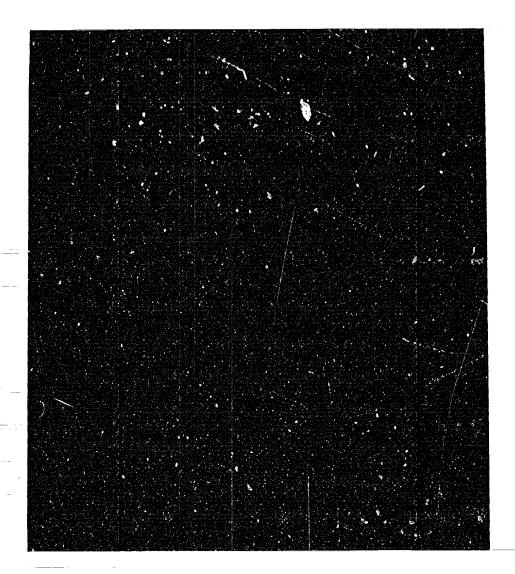




the type required for sustained economic development will be extremely difficult without a prolonged period of political stability. Political stability, in turn, will be difficult to attain without a better military relationship to the government and a determined effort by civilian leadership to undertake basic social and economic reform.



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